

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 137069

41

ORIGIN TRSE-00

INFO OCT-01 ARA-16 ISO-00 EB-11 AF-10 EA-11 EUR-25 NEA-14

RSC-01 IO-14 AID-20 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01

OMB-01 NSC-07 SS-20 STR-08 CEA-02 DODE-00 PM-07 H-03

L-03 PA-04 PRS-01 USIA-15 /237 R

66610

DRAFTED BY: TREAS:TEBURKE

APPROVED BY: EB/IFD/ODF:SWEINTRAUB

TREAS:JHENNESSY

ARA/ECP:GOLSEN

----- 050163

R 252349Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY ASUNCION

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY KINGSTON

AMEMBASSY LA PAZ

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY MONTEVIDEO

AMEMBASSY OTTAWA

AMEMBASSY PANAMA

AMEMBASSY PORT OF SPAIN

AMEMBASSY SANTO DOMINGO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTIAGO

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 137069

AMEMBASSY PORT AU PRINCE

LIMITED OFFICIAL USE STATE 137069

E.O. 112:

GS: IDB, EFIN

SUBJECT: IDB PROPOSAL TO INCREASE EXECUTIVE DIRECTORS AND
ALTERNATES SALARIES

REF: STATE 132801

1. PLEASE CONTACT APPROPRIATE HOST GOVERNMENT OFFICIALS

AND EXPLAIN U.S. POSITION DESCRIBED BELOW IN OPPOSITION TO
IDB RESOLUTION CONCERNING EXECUTIVE DIRECTORS AND ALTER-
NATES COMPENSATION, ON WHICH GOVERNORS VOTES ARE REQUESTED
BY JULY 12. APPROACH SHOULD SEEK SIMILAR ACTION BY HOST
GOVERNMENT.

2. GOVERNORS SUBCOMMITTEE ON REMUNERATION OF EDS AND
AEDS HAS RECOMMENDED TO IDB BOARD OF GOVERNORS THAT EDS
AND AEDS HAVE THEIR CURRENT NET-OF-TAX SALARIES OF 35
THOUSAND DOLS AND 27 THOUSAND DOLS RESPECTIVELY, BE
INCREASED TO 37 THOUSAND DOLS AND 29 THOUSAND DOLS.

3. PRIMARY JUSTIFICATION FOR PROPOSED INCREASE IS THAT
PARITY WOULD BE RESTORED WITH IBRD AND IMF COUNTERPARTS,
ALTHOUGH IBRD AND IMF ARE PROPOSING INCREASES NOW ALSO.
U.S. VOTED AGAINST 1972 IBRD/IMF ADJUSTMENTS AND WILL
VOTE AGAINST CURRENT PROPOSALS ALSO. THE U.S. VIEW IS

THAT NO INCREASE IN EDS EFFECTIVE SALARY LEVEL IS
WARRANTED. EVEN AT CURRENT SALARIES IT IS AN UNJUSTIFIED
PREMIUM VIS-A-VIS LEVELS OF VIRTUALLY ALL GOVERNORS
WHOM THE EDS REPRESENT. INASMUCH AS EDS ARE APPOINTED
OR ELECTED OFFICIALS DIRECTLY RESPONSIBLE TO BI-
LATERAL GOVERNMENT OFFICIALS, THEIR REMUNERATION LEVELS
SHOULD BEAR A REASONABLE RELATIONSHIP TO THOSE OF THEIR
SUPERIORS. THIS RELATIONSHIP DOES NOT EXIST. EDS NET
REMUNERATION OF 36,100 DOLS, 35,000 DOLS SALARY PLUS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 137069

1,100 DEPENDENCY ALLOWANCE FOR A FAMILY OF FOUR, GROSSES
UP TO AN EQUIVALENT OF 58,500 DOLS UNDER U.S. FEDERAL
AND STATE TAX SYSTEM. AEDS GROSS EQUIVALENT REMUNERATION
IS NOW 41,450 DOLS. BY COMPARISON, U.S. CABINET MEMBERS
RECEIVE 60,000 DOLS PER YEAR GROSS. WE BELIEVE VERY FEW
GOVERNORS' SALARIES COME CLOSE TO THAT OF U.S. CABINET
MEMBERS.

4. THE PROLIFERATION OF SALARY INCREASES IN THE INTERNATIONAL FINANCIAL INSTITUTIONS, AND THE TENDENCY FOR INCREASES IN ONE TO PRODUCE CIRCULAR PRESSURE FOR INCREASES IN OTHERS ARE A MATTER OF CONCERN. SALARY ESCALATION AMONG THESE INSTITUTIONS IS PARTICULARLY INAPPROPRIATE WHEN GOVERNMENTS AROUND THE WORLD ARE TRYING TO COMBAT INFLATION, AND IN OUR CASE, WHEN THE CONGRESS AND THE EXECUTIVE BRANCH HAVE FROZEN INCREASES FOR SOME TIME AT UPPER LEVELS.

5. IT SHOULD BE STRONGLY EMPHASIZED THAT CURRENT ABSOLUTE SALARY LEVELS OF SENIOR OFFICIALS IN INTERNATIONAL FINANCIAL INSTITUTIONS ARE A FACTOR IN ERODING PUBLIC SUPPORT FOR LEGISLATION TO FUND THE IDB. DIRECTORS SALARIES ACT AS A PRACTICAL LIMIT ON STAFF SALARIES AS WELL.

6. U.S. CONSIDERS CURRENT LEVEL OF ED'S REMUNERATION MORE THAN COMPENSATORY FOR RESPONSIBILITIES, AND WILL STRENUOUSLY OPPOSE AND VOTE AGAINST PROPOSED INCREASES.

7. THE NET INCREASE WHEN CALCULATED ON THE BASIS OF U.S.

INCOME TAXES WOULD RAISE ED'S LEVEL TO 62,950 DOLS GROSS EQUIVALENT, AND AED'S TO 45,460 DOLS GROSS EQUIVALENT.

8. YOU SHOULD POINT OUT THAT A TAKE-HOME PAY INCREASE OF 2,000 DOLS AS RECOMMENDED WOULD BE EQUIVALENT TO 4,400 DOLS IN GROSS TERMS AND HAS NO RELATION TO IMPACT

OF COST OF LIVING ON UPPER INCOME EARNERS.

9. WE CONSIDER THIS ISSUE OF SUFFICIENT IMPORTANCE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 137069

THAT IT BE BROUGHT AT LEAST TO THE UNDER SECRETARY LEVEL
AND THAT YOU REPORT BACK IMMEDIATELY SUGGESTIONS OF
WAYS AND MEANS TO DEFEAT THIS PROPOSAL. SIUCO

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAGES, DATA, PROFESSIONAL PERSONNEL, OPPOSITION PARTIES, FOREIGN POLICY POSITION, BANKERS, DEVELOPMENT BANKS, PROPOSALS (BID), EARNINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE137069
Document Source: CORE
Document Unique ID: 00
Drafter: TREAS:TEBURKE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740170-0154, D740168-0277
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740614/aaaaalyf.tel
Line Count: 157
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 132801
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2002 by izenbei0>; APPROVED <06-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IDB PROPOSAL TO INCREASE EXECUTIVE DIRECTORS AND ALTERNATES SALARIES
TAGS: EFIN, ELAB, US, PA, IDB
To: ASUNCION MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005